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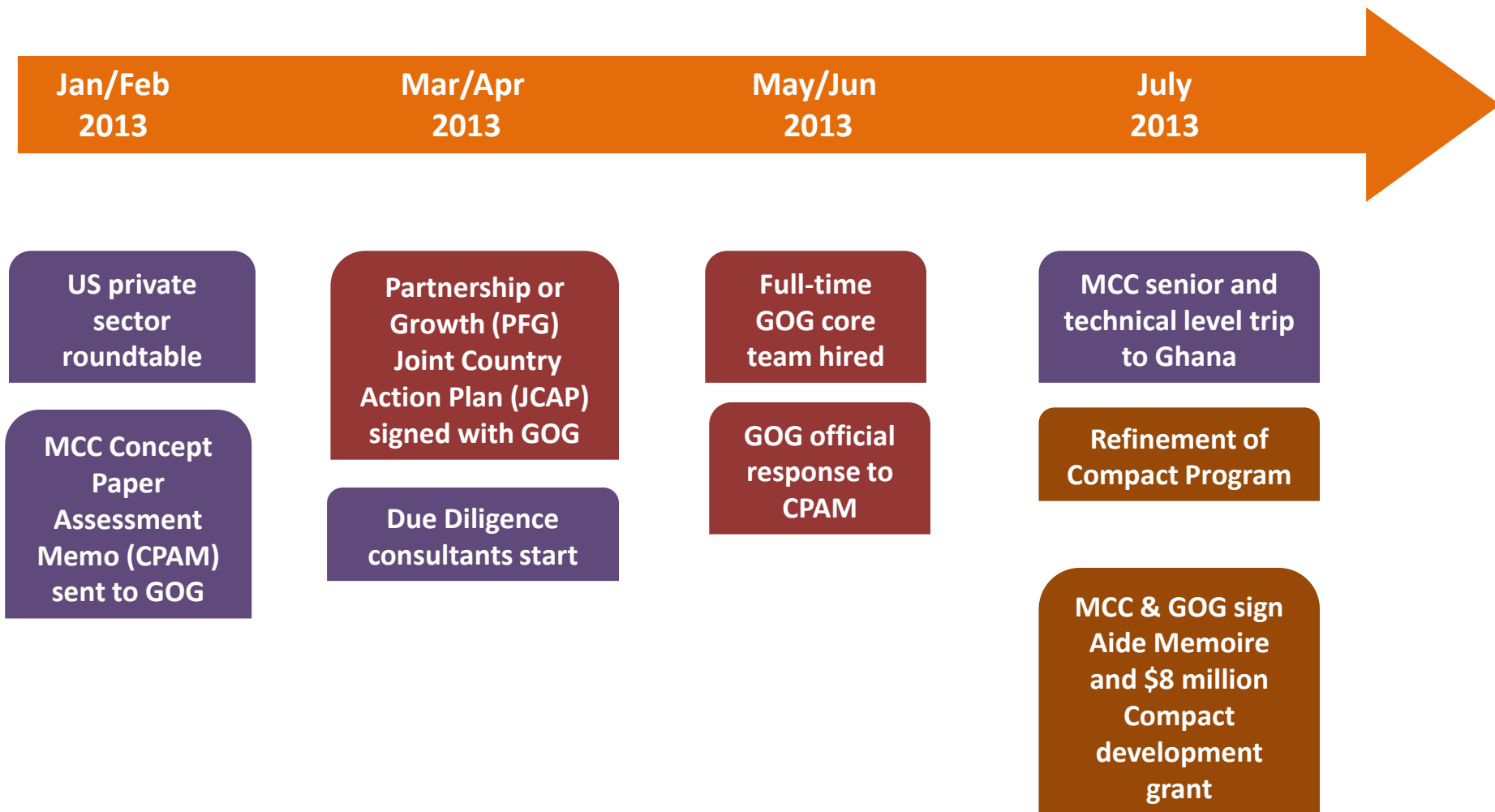
# Ghana Compact II Update

# Agenda

1. Progress since January 2013
2. Overview of changes to current compact program
3. Overview of current projects
4. Aide Memoire highlights
5. Compact development timeline



# What's happened since January 2013?



# Why a shift to fuel supply from generation?

Gas supply continues to be a **critical issue** identified by potential **IPPs** as they evaluate Ghana. Also a critical issue for **VRA**.



The **rupture** and lengthy delay of **repairs** of the **West African Gas Pipeline** reinforce supply vulnerabilities.

Domestic gas is important for power generation, however, even with domestic gas and WAGP, there will remain a **deficit for new generation**.

GOG has made a decision to diversify the source of gas supply by commencing the **development and implementation of an LNG strategy**.



The GOG has convened a task force to evaluate **LNG options** including an **FSRU**.

Critical to address “blockages” in gas to power chain (i.e. lack of credit worthy electricity off-taker & Ghana Gas) to ensure fuel supply



# Why the shift from a distribution pilot to a company wide approach?

GOG and MCC have agreed to a **company wide approach** for the potential ECG/NEDCO distribution project rather than restricting it to a specific region



GOG agreed to study of **full range of PSP options** for ECG and NEDCO



# Increasing Private Sector Investment in Generation

Fuel Supply/LNG project

Demand Side Management/Energy Efficiency

Sector Reform Support

- **Tariff:** Support for tariff reform – improve capacity of regulators, review of tariffs relative to cost of service, appropriate targeting of lifeline tariff and creation of appellate body
- **Credible Off-taker:** Support for credit support options
- **IPPs:** Support establishment of framework for Independent Power Producers (IPP) and process for competitive bidding



# Strengthening the Distribution Sector

**Financial turnaround and sustainability for distribution utilities through potential participation of private sector**

**Improve corporate governance**

**Improve business processes**

**Improve gender equity**

**Improve regulatory capacity – ability to develop rate cases**

**Invest in selected infrastructure to reduce losses and improve service\***

**Implement system to ensure prompt payment of public sector electricity bills with MOF**



\* MCC is also considering hard and soft infrastructure investments in NEDCO to support sustainable commercial viability.

# Increase Access to Electricity for Productive Uses in Pilot Areas

Improve infrastructure and provide connections to ensure the reliability of electricity service in selected poor urban and peri-urban areas. Potentially includes economic enclaves and markets along with extension of service to associated social facilities such as schools and health clinics

Assess willingness and ability to pay and appropriate subsidy policy.



# Highlights from July 2013 Aide Memoire highlights

- GoG continue to reduce total aggregate losses
- GoG ensure arrears do not accumulate and utility bills kept current
- MCC will engage IFC to study private sector participation options for the distribution sector
- GoG will approve and promulgate Gas Sector Master Plan by the end of the year
- Tariff review to be completed and a new tariff promulgated by end of year with quarterly automatic tariff adjustment reinstated



# Compact development timeline

